

Washington, D.C. - Following recent passage in the Financial Services Committee, the House passed, with Rep. Melissa Bean's support, H.R. 5244, The Credit Cardholders' Bill of Rights Act of 2008, which strengthens consumer protections with regulation of the credit card industry.

"In today's credit crunch, home equity has diminished and families and small businesses are relying even more on credit cards to finance expenses," Bean (IL-08) said. "Improving industry practices is crucial to protecting the credit ratings of American families and to maintaining the strength of our consumer-driven economy."

According to the Federal Reserve, as of 2004, 71 percent of American families held a general purpose credit card. Forty-six percent of those Americans holding a card carry a monthly debt on that card, with an average balance of \$2,100.

The Credit Cardholders' Bill of Rights Act, strengthens regulation of the credit card industry with several measures, including:

- For card users with a good payment history, prohibiting arbitrary changes to interest rates that have nothing to do with a consumer's payment history.
- Requiring credit card companies to notify card users in advance of rate increases, giving them the option to cancel their card.
- Requiring payments be allocated proportionally to balances that have different rates, so consumers have a chance to pay down their high-rate debt.
- Ending "double cycle" billing so credit card companies can't charge interest on debt consumers have already paid on time.
- Protecting vulnerable consumers from fee-heavy subprime cards

The bill passed out of the Financial Services Committee with Bean's support earlier this year. It passed the House today on a vote of 312-112 and now heads to the Senate.